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SPEECH

ON THE

Assumption of the Debt

OF

ONTARIO AND QUEBEC,

DELIVERED BY

(Sir) John (1835-1912)
RICHARD J. CARTWRIGHT, M.P.

MAY the 17th, 1873.

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KINGSTON:
PRINTED AT THE BRITISH WHIG OFFICE, BAGOT STREET.
1873.

TO THE ELECTORS OF THE COUNTY OF LENNOX.

GENTLEMEN,—In compliance with the request of some of your number I have thought it expedient to publish my remarks on the assumption of the debt of Ontario and Quebec in extenso from the reporter's notes.

So far as I am aware the facts as therein stated are not disputed, though some of my deductions from them are warmly assailed.

It is quite possible that the great natural resources of this country and certain fortuitous circumstances such as, for example, the fall in the value of gold may largely diminish the risks which I foresee from our present financial policy and I have fully admitted that this may be the case.

It is also possible that the growth of our new provinces may be so rapid as to outstrip ordinary calculations, and that the returns from much of our local expenditure may be larger and more immediately profitable than those derived from similar enterprises in times past.

But, even if all these fortunate circumstances should concur to relieve us from future embarrassment, I would not be disposed to admit that the result (however desirable in itself) was a justification for running wanton and needless risks such as those to which we are now exposing ourselves.

As to the absurd complaint advanced against me in certain quarters, that it is unpatriotic to call attention to certain features in our general position to which I have alluded, I will only say, that if the facts be true they deserve your serious consideration, and if they are not true, or being true are largely modified by other circumstances to which I have not given due weight, that I have at least endeavoured to put my views before you in such a shape that it will be very easy to point out any error into which I may have fallen.—I remain, yours faithfully,

RICHARD J. CARTWRIGHT.

SPEECH OF R. J. CARTWRIGHT, M. P.

MR. CHAIRMAN.—It is much to be regretted that a measure of so much importance should have been deferred to so late a period in the session. Brought forward at this stage it is all but impossible that it should receive anything like the full discussion it demands, and I must say, that although I rarely criticise the action of the Government as to the conduct of their own measures, this is by no means the first time of late years that they have left very important questions to be debated at the extreme end of the session, and that I hope the House will insist on putting a stop to this very reprehensible practice for the future.

As to the resolutions themselves it appears to me that there are two quite distinct questions involved. 1st. Whether under all the circumstances it is expedient to entertain such a proposition at all; and 2ndly, if we do entertain it, how far Ministers are justified under the terms of the British North America Act in placing the debt of Quebec and Ontario at ten and a half millions. I may say that this latter point appears to me to be open to very serious doubts, but waiving this it remains for grave consideration how far our position warrants us just now in assuming fresh liabilities to the amount of not less than $14,000,000.

As to the suggestion of my hon. friend that this $14,000,000 is no fresh debt and involves no fresh burden on our people because it is almost all already due by some one or other of the provinces, I am surprised he should advance so very transparent a fallacy. Does not my hon. friend know well, does not every hon. member know well, that the practical result of assuming this debt will be simply that the various provinces will spend just so much more than they are now doing. And that as most of them at present are perfectly well able to carry on their Governments out of their existing allowances this proposal can only mean that because one province is a little pinched, therefore, in order that it may obtain a small relief of perhaps

$50,000 per annum, the annual burthen of taxation over the whole Dominion must be increased by $700,000 a year for ever,—no matter what our existing incumbrances may be, no matter what engagements we may have entered into for the future. Now I do not pretend to say that some readjustment of the general financial basis may not be necessary and perhaps desirable, and I admit that from the moment we decided, no matter under what pretext, that it was expedient to increase the allowance originally made to Nova Scotia,—from that instant a reconsideration of the whole question became inevitable. Neither do I dispute the assertion of the Minister of Finance that there has been a decided fall in the actual value of money since the date of the Quebec Conference and that it is probable that the sums now paid do not fairly represent the amounts then agreed upon, though that it is a subject on which I shall have something more to say hereafter. But I do dispute, and very strongly too, the wisdom of the rule of thumb arrangement which he proposes in this resolution. To my mind there is but one way in which these vexed questions can be fairly dealt with, and that is by a conference in which all the various provinces shall be fully heard, and after which the Government can, if they choose, propose some equitable scheme for a new arrangement of the financial part of the Confederation Act,—(somewhat after the fashion suggested by the hon. member for Lambton),—allowing fairly and liberally for the proportionately greater needs of the several smaller provinces.

Be this as it may, Mr. Chairman, I think the time has come for us to consider very seriously our real financial position. I am sorry to say that I can by no means agree with the Minister of Finance in the very glowing picture which he has been pleased to draw, both on this occasion and in his budget speech, of the present and future condition of this country. I intimated to him then, and I repeat the intimation now, that in my judgment at least he was committing a serious error in speaking so lightly of the extent and weight of the burthen he was imposing on the country, and I added that if any mischiefs should unhappily result from the somewhat reckless course which (it seemed to me) the Government was pursuing that those evils were likely to be greatly aggravated by the special errors of their banking and financial policy to which I have more than once called attention in this House.

And now, Sir, let us endeavour to arrive at some just estimate of the real extent of our liabilities and resources, and in the first place of the direct debt of the Dominion itself.

This, according to the budget speech of my hon. friend, amounted in round numbers to eighty-two millions at that date, and our then actual engagements maturing within the next seven or eight years, and mostly long before the end of that period, were no less than sixty millions more at the very lowest estimate; to which by to-day's resolutions he proposes to add seventeen millions, i.e., fourteen millions by assuming the debts of the provinces and three millions by virtue of a perpetual grant of $150,000 a year to New Brunswick, making a total of one hundred and sixty millions of debt actually incurred or to be incurred within the space of the next few years.

Sir, I doubt very much if either my hon. friend himself or most of his audience have fairly realized to themselves what this sum really means to us, and it may assist us in understanding the full weight of this prospective burthen if we compare our debt per head with that of England or the United States. Doing so and allowing for the difference in population and rate of interest we find that one hundred and sixty millions of dollars at five per cent is proportionately equal to five hundred millions of pounds sterling in England, and if we took into account the relative wealth of the two countries, I suspect I am warranted in saying that our debt is likely to be quite as heavy an incumbrance for our means as the entire national debt of England is to her. While, as to the United States, although their rate of interest is a little higher than our own, yet man for man the debt we are now proposing to incur is very nearly equal to the entire remaining amount of their enormous war-debt, and I fear whatever our patriotism we must admit that both their rate of increase and their internal resources are decidedly greater than our own.

As to the fallacy one sometimes hears that a heavy national debt is a matter of small moment I trust my hon. friend will not be found willing to endorse it. If he does I can only say that many of the best and wisest of English statesmen, and not a few of the more far-seeing American ones also, have again and again expressed their conviction that such a debt was and must always be a mill-stone round the neck of any nation, checking improvement and blocking every large and generous project for the permanent improvement of the masses of the people, and that however little it might be felt by the wealthier classes, its effects would long be visible in the impoverishment and penury of every other portion of the community. I do not apprehend that precisely the same results are likely to ensue here, but I do feel that carelessness and wasteful prodigality in the management of our somewhat scanty means are very likely indeed to result in great embarrassment and great difficulty hereafter, especially in the carrying into effect the gigantic tasks which we carved out for ourselves when we undertook to make provision for the settlement and civilization of nearly half the continent; and knowing that I own I am not a little surprised at the levity with which my hon. friend proposes by one stroke of his pen to add so many additional millions to our indebtedness.

It is true that my hon. friend does attempt some argument to prove that so great and so rapid is the growth of this country in wealth and population that we can safely undertake responsibilities from which the boldest of us would have shrunk aghast a very few years ago, and I myself am quite ready to admit that the growth of this country, in wealth at any rate, has been extraordinary and indeed abnormal, particularly during the last three or four years, though the deductions I draw from the fact ymay not quite accord with his.

Certainly the records of our imports and exports for the last twenty-five cears do reveal some very remarkable results and to these I now propose to all the attention of the House.

I have in my hand a tabular statement of our imports from the year 1849 to 1872, from which it appears :*

1st. That between 1849 and 1854 the trade of this country increased in a most remarkable manner, the imports having risen from $12,000,000 in the former year to somewhat more than $40,000,000 in 1854, being an increase of about 330 per cent. in some six years.

2nd. That from 1854 to 1866 the imports either increased very gradually or remained stationary, with the exception of three or four years, during which they fell from $43,000,000 in 1856 to $29,000,000 in 1858, $33,000,000 in 1859, and $34,000,000 in 1860, the total increase being under fifty per cent in a period of twelve years, part of which at least was probably rather owing to increased value of articles imported than to increased consumption.

3rd. That during the last three years another extraordinary rise has taken place, our imports having risen from $74,814,000 in 1870 to $96,092,000 in 1871, and $111,430,000 in 1872, and though this is partly nominal there can be no doubt that it represents a great and remarkable expansion.

The House no doubt can easily draw the parallel itself; for the present I will only say that these tables seem to me to point very clearly to two

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*TABLE OF IMPORTS.

1st PERIOD.	
1849,	$12,098,000
1850,	16,982,000
1851,	21,434,000
1852,	20,286,000
1853,	31,981,000
1854,	40,529,000
2nd PERIOD.	
1855,	$36,086,000
1856,	43,584,000
1857,	38,430,000
1858,	29,088,000
1859,	33,555,000
1860,	34,447,000
1861,	43,054,000
1862,	48,600,000
1863,	45,964,000
1864½,	23,882,000
1864-5,	44,620,000
1865-6,	53,802,000
3rd PERIOD.	
1866-7,	$59,048,000
1867-8, (Confederation,)	73,459,000
1868-9,	70,415,000
1869-70,	74,814,000
1870-1,	96,092,000
1871-2,	111,430,000

The above returns include bullion. If this item be deducted the general result will be still more strikingly in favour of my argument, especially during the 2nd period.—e. g., in 1865-6 about $5,000,000 were specie, probably American Silver. This is a sort of cross-entry, as there was a large amount of specie exported in the same year.

facts, one (of which my hon. friends are welcome to make the most,) that it would almost seem that so great is the recuperative power and natural energy of our people that no amount of public or private extravagance and mismanagement is likely to cripple them permanently, and this I admit to be a matter of happy augury for the ultimate future of this Dominion, though how far it may warrant my hon. friends in their present line of action is quite another matter.

The other fact which Ministers may not see quite clearly, is this that in a new country w' ere the tendency is always more or less to advance by fits and starts with now a very rapid progress, and then generally a period of reaction, it i not wise or prudent to reckon on any very long period of great conti s prosperity, and although I do not deny that it is possible that our ent prosperity may continue, nay, may even increase for some time to e yet I object most strenuously to regulating our outlay and incurring heavy prospective liabilities on the assumption that this state of things can go on indefinitely.

We must bear in mind that while our population has only increased about one-third from 1849 to the present time, the total volume of our exports and imports has increased eight fold in the same period, i.e., that our exports and imports have increased in the ratio of 20 to 1 as compared with our population, and it is easy to see that such rates of increase are not likely to be regular or continuous.

Or if we take another standard of comparison and gauge the volume of our trade by that of England or of the United States we will find that our present trade per head is fully double that of the United States, and almost equal to that of England, ours having reached nearly two hundred millions of dollars in 18. 1-2 as against $,1,132,000,000 for the United States and £594,000,000 sterling for England. Now even granting, as I do, that the United States are not altogether a fair standard for us, I put it to the common sense of my hon. friends whether an import trade very nearly equal to that of the richest and most commercial country in the world is not likely to be as great as we can hope to maintain with safety, and I would also like to ask them whether they do not consider that an average consumption of some $150 per family (invoice value), which is the sum represented by those tables, is not quite so much as we can prudently desire?

The fact is and it ought to be carefully remembered by my hon. friend that a large importation is not always a sign of real genuine prosperity, and that it may and sometimes does mean that individuals as well as communities are indulging in expensive habits and contracting obligations which they may find it very hard to discharge.

And now, Sir, I come to the second part of my hon. friend's argument. He bids us dismiss all care for the future, and never trouble ourselves whether our debt be sixty millions or one hundred and sixty or two hundred and sixty for what I know, because our present prosperity is so great—because our imports are so large—because our growth in wealth and population is so rapid, and lastly, because we will gain so much by the growth of our new provinces that we can afford to dismiss all apprehension.

Mr. Chairman, on this last point I take issue again with my hon. friend. I might grant perhaps for arguments sake, that at some rather distant day, say twenty or twenty-five years hence, these provinces may begin to bear their full share in defraying our joint expenses, but I hold it to be an utter, and indeed an absurd fallacy, to suppose that we will succeed in extracting one single cent of profit out of them in those early years of their existence with which we are more immediately concerned and to which alone my present argument refers. So far from that I hold that it would be highly reprehensible in us to attempt (futile as I know that attempt would be) to extract any direct profit from that quarter. We may be well content if they pay their own way without further demands upon our treasury and if the money we receive from them all told suffices to provide for our direct expenditure within their territory, quite apart from the interest of the debts we are incurring on their account.

What they can do for us, (and it is all if we are wise that we can expect them to do for us for many a year,) is to afford a home and a prospect for the tens of thousands whom we are daily losing because we have never had till now a far West of our own to offer them, but it is high time that we should recognize once and for all that for the next decade, at the very least, the burthen of increased outlay and of increased expenditure must fall upon us of the older Provinces alone. I see no escape from this. I can hardly say I wish to escape from this, but at the same time it imposes upon us who represent those same older Provinces the necessity of taking very careful stock of our resources and liabilities lest we find ourselves in the position of men who undertook to build without having first counted the cost, to our own great detriment and that of our infant dependencies, if I may be allowed to use the term.

What then is our position? our liabilities I have already stated; but what are our resources and our income. Looking at the budget speech and the estimates for the current year I find that our income, deducting cross entries for public works, post office and sundry other items, may be roughly estimated at about eighteen millions of dollars from which, however, at least one million ought to be deducted for cost of collection and surplus post office expenditure. This leaves practically a net income of some seventeen millions, against which are fixed charges, as soon as present engagements mature, of fully eight millions for interest of debt and at least three millions for subsidies to provinces, being a total fixed charge of eleven millions against seventeen, leaving a net available income of about six millions. We have therefore fixed charges of not less than two-thirds of our entire gross income, a circumstance attended with this unpleasant result that a comparatively small reduction of our gross income will involve a very large diminution of our nett revenue. In fact I do not know at this moment of one single state even in Europe in which the fixed charges bear anything like so large a proportion to the total revenue,—though it is fair to admit that this is in part counterbalanced by our peculiar arrangement with the local Governments.

As to my hon. friend's hint that we can always easily put things to rights by increasing our rate of taxation, he will excuse me for reminding him that

taxation is very apt to become much less productive in proportion as it is increased, and further that there are serious political and economical reasons, as he very well knows, against any considerable increase in this direction. In truth although he might find it easy enough by a largely increased tariff to bring our general foreign trade into much the same position as that of the United States at this moment, and to impose an enormous additional burden on the whole people of the Dominion thinly disguised under the form of protection to home manufactures, he will find it quite another thing to extract a large additional revenue, while as to direct taxation the people of Ontario, at any rate, have quite enough of that already, as their Municipal statistics show, without fresh imposition from the general Government.

If on the other hand my hon. friend relies on the rapid growth of the whole country in wealth and population I am bound to say that I do partly agree with him as to the first item, though I think he has quite sufficiently discounted all possible increase in that direction already. But I cannot say that I am at all as hopeful with respect to the prospect of any rapid increase in the population of those older Provinces on which, as I have repeatedly said, the burthen of taxation for the next ten or twenty years must chiefly rest.

Few of us will forget the feeling of disappointment with which we received the result of the last census and I for one must candidly acknowledge that until I had the opportunity of checking and comparing it with that of the United States I was indisposed to admit its accuracy. Sir, I do not know whether my hon. friends are aware of the fact, but I will own that it was with a feeling of most unpleasant surprise that I found that no less than 489,000 persons now dwelling in the United States have declared themselves to have been originally natives of the Dominion of Canada and that fully 370,000 of these had quitted this country within the ten years from 1861 to 1871, if the United States census returns are to be depended on. Here, Sir, was the real explanation of the apparent mystery, and we must recollect that this number, great as it is, hardly gives the full measure of our loss, seeing that it is quite certain that an enormous proportion of these emigrants are not women and children as in ordinary cases, but men in the full flower and vigour of their youth, the very pith and sap of our whole population and I may add the very class who ought to have been colonising our own vast and fertile territories—not helping to make our great neighbour greater still at the expense of the best blood and muscle of our Dominion. Now so far as our present expenditure is undertaken to provide homes for these and such as these I can assure my hon. friend that I am with him heart and hand to the very utmost limit that our resources justify and if now I criticise some of his propositions and more especially those at present before the Chair it is because I fear that a rash and imprudent expenditure will, in the long run, retard, not promote, the development of those magnificent territories and their occupation by our people.

But if my hon. friend contends that I am in error here, and that we have ground for expecting a large and rapid growth of our population, I would ask him to glance for one moment at the ratios of increase during the las

twenty years in those states of the union whose general position most closely resembles our own (speaking of course of our older Provinces). If he does he will find that however much they may have increased in wealth during that period, they are rapidly approaching a stationary condition as regards population, and that what increase does take place, takes place almost entirely in the large towns. For example we find that whereas New York increased from 3,097,000 in 1850 to 3,880,000 in 1860, her population was only 4,382,000 in 1870, i.e., that the ratio of increase had fallen from some twenty-seven per cent in the first decade to twelve per cent in the second, and that that increase was almost wholly in the city of New York and its suburbs and a few other large towns; so in Maine the population was 583,000 in 1850, 628,000 in 1860, and 626,000 in 1870; in Massachusetts 944,000 in 1850, 1,231,000 in 1860, and 1,457,000 in 1870, the increase there also being mainly in Boston and the towns and the agricultural population remaining nearly or quite stationary. I may add too that of this increase, such as it was, no less than 69,491 inhabitants were contributed to Massachusetts and 78,510 to New York from our own North American confederation. Now if we compare with this our own census returns for the same period we will find almost exactly the same results presenting themselves, notably in Lower Canada, which increased from about 950,000 in 1850 to 1,111,566 in 1861, and 1,191,575 in 1871, the increase in the last case being almost entirely represented by the growth of Montreal and its vicinity.*

From these facts then I argue that as to the new provinces, though they may and I trust will, grow largely and rapidly in wealth and population, they will need so much in the earlier stages of their growth that it is sheer folly to hope that they will do more than repay us for the sums actually paid over to them or expended within their territory for their especial benefit. And that in the case of the elder ones no considerable growth of population should be looked for, enough if we can induce their surplus growth to seek a home within our own territory and not within that of strangers.

Admitting this surely it becomes us to take stock carefully of the general resources and position of our central provinces, and in so doing let us not forget that they have already very considerable special burthens of their own in the shape of a very heavy amount of public and private indebtedness to parties resident abroad.

	1871.	1861.	Increase.
Ontario	1,620,851	1,396,091	
Increase	.....	224,760	16.10
Quebec	1,191,575	1,111,566	
Increase	.....	80,009	7.20
New Brunswick	285,777	252,057	
Increase	.....	33,743	13.38
Nova Scotia	387,800	330,857	
Increase	.....	56,943	17.21
	3,486,003	3,090,561	
Increase	.....	395,442	12.80

Thus in Ontario alone the sum annually raised for municipal purposes is estimated at a good deal over $6,000,000 now, with every prospect of being speedily and largely increased to provide for the interest on the new obligations in cource of being incurred. This no doubt is decidedly smaller in most of the remaining provinces but even in these the aggregate amount of indebtedness is becoming very large and though I can only venture on a rough approximation I am quite sure that it will amount for the four provinces together to not less than $40,000,000, and very probably to even $80,000,000, interest on which is chiefly due abroad.

Should any of my hon. friends feel inclined to gainsay this estimate I beg them to consider how great is the total amount of the debt of our chief cities alone, and how large are the sums at this moment invested in loans and mortgages among us through such institutions as the Trust and Loan, the several loan and land companies and I might add such a bank as the Bank of British North America. Why, Sir, the civic debt of Montreal, Quebec, Toronto, Ottawa, and Hamilton alone can hardly be less than $16,000,000, and the various institutions to which I have alluded would represent at least as much more not to speak of the great amount of municipal and private indebtedness of which I cannot get full details, but which I have very strong reason to suppose is far more considerable than is generally supposed.*

Briefly then, I say, that if we add, as we ought to do, the amount of this indebtedness to that of our public debt, we will find that we have to pay an annual tribute of from $10,000,000 to $12,000,000 a year to persons not resident in Canada, a fact which my hon. friend may find hereafter to be of more significance than he appears at present to suppose.

There are, indeed, two points not yet considered which do really make in our favour. One is the fact, pretty well known on both sides of the line, that a very considerable portion of certain imports is meant for American purchasers and is paid for with American gold,—although I may take occasion to hint to my hon. friend that if the United States should choose to lower their tariff and he should find it necessary to raise ours, that source of profit would be very liable to be cut off.

The other and in my judgment a very important one is this, that it certainly appears probable that the fall in the purchasing power of gold is likely to continue, a fact which in the long run will certainly, though gradually do much to lessen the actual weight of our indebtedness.

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*The amount of money invested by private parties resident in Great Britain must be very considerable. In two agricultural counties at least half a million dollars are invested in this way, and, though these may be exceptional cases, the total throughout the Dominion would reach a large sum.

As to the weight of municipal taxation there are very few towns in Ontario where the taxes do not amount to from 25 to 30 per cent of the annual value of all real estate, and many municipalities are attempting to supplement this enormous tax by a crushing impost on various kinds of personal property which have hitherto been practically exempted.

This class of taxation in fact threatens soon to reach a point which may interfere most seriously with the powers of the general government should it desire to raise any revenue from direct taxation.

Now this fall of gold is as we all know a somewhat complicated question and, so far as I am able to form a judgment, although real enough has been greatly concealed by the fact that almost simultaneously with the first great gold discoveries two other causes have been coming into general operation which have largely disguised its effects for the time being. I refer particularly to the equalization of prices which has taken place over a large part of the civilized world owing to the introduction of railroads and other improved modes of transport, and to the enormous mechanical improvements which have come into use during the self-same period. It appears to me that the net result of all this is that there has been on the whole a very great and substantial rise of prices but that it has rather assumed (till very recently) the form of a general leveling up to the standard which prevailed in a few great marts, and that as prices at these points have been comparatively constant the extent of the rise elsewhere has been somewhat lost sight of. Similarly the effect of new inventions would seem to have tended largely to keep articles at their old level of prices, instead of cheapening them as would have been the case had the value of gold remained really stationary, and I am inclined to think that these two causes, not to speak of others of a more recondite nature have contributed not a little to conceal the alteration which is now going on in the value of our chief metallic standard.

One thing at any rate is tolerably certain, viz., that an ounce of gold will not buy anything like as many days labour to-day as it would have done twenty years ago, and therefore I incline to agree with my hon. friend to a very considerable extent when he pleaded, (and it was perhaps his best plea,) that he was only restoring matters to their original footing after all, seeing that a dollar at this present moment could buy no more than eighty cents would have done at the time when confederation was entered into.

At the same time I must remind him that although there is an element of truth in this assertion it is to the last degree unsafe and unstatesmanlike to base calculations as to the immediate future policy of any nation on such very uncertain contingencies.

Even if the fact and probable extent of the fall in gold were much better established than it is, still it is just one of those causes, which though sure to be powerfully felt in a long period of time, may be retarded or even temporarily reversed by a variety of accidents which no man can foresee or control, and as our concern is decidedly with the immediate and not with the remote future I desire to guard myself against saying anything which could be construed into an encouragement to borrow largely now because we may be lucky enough to repay our creditors in a cheaper medium.

Speaking generally therefore I deduce these results from a careful examination of our position. I think we are pushing our direct engagements to the extreme verge of prudence. I think we cannot look for any considerable increase of population in our older provinces, and though it is possible they may add largely to their present wealth, yet they have their own special and heavy burthens, which they are just now largely increasing.

As for our new provinces I hope that they will grow largely and rapidly, but let them grow as they will, I hold that under our peculiar system of Government, which whatever its other merits is anything but a cheap one, and having regard to their very peculiar position isolated from us by an unsettled tract of nearly a thousand miles, it is simply impossible to get more out of them for a good many years to come than will barely suffice to defray our direct expenditure within their territory.

Let the House consider for a moment what a task we have undertaken,—We have undertaken to civilize and colonize a space very nearly as large as the Russian Empire in Europe. We have to deal wisely and justly with the wild and savage tribes who roam through that great expanse. We have to build a gigantic railroad for three thousand miles through a wilderness and at the same time to carry out a whole series of great public improvements in our original territory.

Surely I am justified in saying that looking at our numbers and our resources these are tasks which will demand all our strength, and that till we know far more accurately that we can possibly do now what is the true nature and extent of our liabilities of all kinds, direct and indirect, actual or contingent, it is worse than foolish not to husband our resources or to incur one penny (not to say fourteen millions) of additional debt which we can by any possibility avoid.

I had intended to have spoken at some length, Mr. Chairman, touching the effect of certain special errors in our present financial policy, but at this hour I feel it would be unreasonable to enter in detail upon such a subject, especially as it is one on which I have sufficiently recorded my views in the journals of this House. I will therefore only indicate very briefly my chief objections to that policy which are these : 1st., That it is an error on the part of Government, in a country like this, which wants all its available capital for its own internal needs, to borrow in the home market at all except under very peculiar circumstances or from absolute necessity.

2nd. That it is a further error to borrow any considerable sums repayable at call or at short notice, which is just what my hon. friends are doing.

And lastly, that the practical working of the system is such as to risk intermixing the public credit with that of various trading and banking corporations, to the great injury of both.

In connection with this last charge I may remark that the policy of Government has a direct tendency to aggravate any inflation on the one hand and every time of depression on the other and though I will not say that the present stringency results solely from the action of Government, I do assert that it has contributed directly and powerfully towards bringing it about, and that it will be a fortunate day for the Dominion when the Finance Minister discovers, as I believe he very soon will, that it is no part of his proper duty to charge himself with the task of carrying on the banking business of this country or any part of it.

As for our surplus and cash balances I have only to say as to the latter hat seeing they practically represent the gold we seized out of the bank

vaults, leaving in exchange our paper promises to pay, I do not attach any special importance to the fact of their having attained rather large proportions for the time, while as to the recent surplus we must remember that after all it merely represents the results of three years of very sudden and unusual expansion and that even if our importations continued at their present high figures or even increase a good deal we are taking effective guarantees against the continuance of any surplus in future.

Once before in our history, as I have already had occasion to remind the House, we had a period of extraordinary prosperity, accompanied by similar surpluses and succeeded by a very much longer period of chronic deficits, and once before the Ministry of the day, though for a time quite unable to keep pace with the wonderful rise of the revenues, applied themselves with hearty energy to bring up the expenditure to the same level. Of the success which attended their efforts I need not speak, it is enough for my present purpose to point out that their successors of to-day are quite up to that part of their work, and that there is no fear whatever that my hon. friends will ever commit the error, said to have been fatal to a certain other Government in another place, of heaping up riches without knowing who would spend them.

I find, Mr. Chairman, that starting with an expenditure of $13,486,090 in 1867-8 they rose gradually to

$14,038,000 in 1869.
14,345,000 in 1870.
15,623,000 in 1871.
17,589,000 in 1872.

to $20,625,000 in this current year without counting supplementary items and to an estimated outlay of $21,034,000 for 1873-4 to which may be added at least $1,000,000 if the propositions now before us become law, showing a total increase of $8,500,000 in round numbers in about seven years.

These figures speak their own tale and even admitting, as is probably true that our annual expenditure was perhaps unduly depressed in some of those years, and it may be, unusually swollen in some others the broad fact remains that however fast our revenue may have grown our expenditure threatens very speedily to outstrip it altogether, and that without taking into account any of those indirect or contingent liabilities to which I alluded but recently. As to these I can only say that I very much fear we are altogether too fast in assuming that we have got rid of the Pacific Railroad for a bonus of $30,000,000 and a land grant, but as this matter will probably be brought up in another shape ere long, I will merely allude to it at present as a liability still pending and which can by no means be lost sight of.

For the same reason I will simply mention the necessity of extinguishing the Indian title to our land grants and the probability that we will find it expedient to maintain some additional force in our North-West territory, as some among others of the several items of extraordinary expenditure we may be called on to provide for, but as to which my hon. friend has not yet spoken. Matters like these and also demands for other internal improvements we may feel assured will continually crop up, and though I will not

weary the House with a list of probable claims on the exchequer I think we all know by practical experience that such exigencies and such demands will arise and will be granted and that they will form no small part of the burden for which my hon. friend will have to make provision."

But it may be asked to what purpose is all this. Our engagements are made and cannot now be broken, and what remedy can be proposed.

I admit that this is true but I contend that it is none the less but rather the more important that we should look things in the face and form a true estimate of our position.

Forewarned is forearmed and even if my suspicions prove partly incorrect my hon. friend will be none the worse for having his attention called more forcibly to the risks he is electing to run.

None of us can pretend to affix any certain date to his predictions but we can fairly enough essay to forecast the tendencies of any given line of policy and we can ascertain the results of a similar course in the past, and we can assert with some degree of confidence that in all countries, but especially in all new countries, any very rapid progress is apt to be by fits and starts almost ex necessitate naturæ.

We can hardly deny that our fixed liabilities are enormous as compared with our income. Our margin is small and our contingent liabilities very serious, and thus to risk the future of the nation on a series of lucky chances and to put our trust in the chapter of accidents is only to establish ourselves in a sort of fool's paradise from which we may have another rough awakening before long.

There is another element which my hon. friend will do well to take into his reckoning.

Canada after all is as yet but a small state, and a dependent one. We may suffer heavily from complications arising in far distant quarters. It is not too much to say that the loss of our fisheries depended on the issue of the Franco-German war. The capitulation of Sedan meant for us the capitulation of Washington also, and who can say but that the chance of a European war or an Indian mutiny may retard the construction of our Pacific railroad for years, or as in the case of the Grand Trunk, very largely augment the original cost of such an enterprise?

Let Government, let my hon. friend look to it. For myself I have endeavoured to state the facts honestly as they are. If I am wrong, I am open to correction. I know well that of all kinds of premises statistics require most careful verification.

Before you can argue fairly from facts you must be sure that they are facts and that you have all the facts, and it may very well be that some points have escaped my notice or my memory which may modify some of my conclusions.

But if I am on the whole substantially right on these points as I believe myself to be, then I say that we have grounds for very serious reflection. I can't guess at the probabilities of the next few years. We may have wonderful good fortune,—steady increase of trade, general and profound peace and universal success in our undertakings, or we may have precisely the reverse, and I would have us so shape our course that we may fairly hold ourselves equal to either fortune.

The parallel I have drawn is at any rate near enough to warn us and if there is any material difference between our position twenty years ago and our position to-day I doubt, in spite of our greater wealth and resources, if that difference would be in our favour.

At any rate the vast expenditure which then stimulated our commerce came mainly from outside sources. I doubt if Canada contributed one dollar for every pound of English gold which was expended, whereas now the great bulk of our outlay must come from our own pockets, and will be expended, in part at least, far away from those who must bear the chief part of the burthen.

Is there a single hundred miles along our thousand leagues of frontier whereon some great public work is not projected or actually going on, and is it not very clear that not only our local legislature but municipalities and private individuals are feeling the effects of our example and rushing to undertake works, and incur liabilities for countless enterprises, which however meritorious in themselves, are too often liable to this objection that they are forming another drain on the comparatively small realized capital now existing in this country?

Finally I would ask my hon. friend which of my facts he denies:

Can he deny that our debt must soon reach $160,000,000?

Will he assert that we are yet free from risk of contingent liabilities of no light character?

Will he dispute our heavy municipal taxation or the amount of general indebtedness to which I have referred?

Will he venture in the face of our past experience and that of the United States to argue that we may look for a rapid increase in our older provinces, or any substantial aid to our exchequer from the new? (during the early stage of their existence at any rate.)

Does he rely on universal peace, happiness and prosperity as about to become the normal order of things throughout the world,—or does he rest in calm faith that sufficient for the day is the evil thereof?

However it be, Mr. Chairman, it is none the less my duty and that of all who see danger in the reckless haste with which we are rushing into obligations unasked and unwelcomed by some at least of those for whose (imaginary) benefit my hon. friends profess to act,—to enter our protest once for all against a course which, if persisted in, will probably end in hampering and delaying the progress of the very improvements from which my hon. friend hopes so much, and, what is far more important, in destroying or greatly imperilling all those special benefits which we hoped to derive from the confederation of these provinces, and for which we were and are willing to make any sacrifices that can reasonably be asked at our hands.

I say again Government are taking a most serious responsibility upon themselves in thus needlessly augmenting the indebtedness of the Dominion and even if we do escape by sheer continuous good fortune from the risks which this policy is exposing us I say that such success at best would be but a stroke of desperate though lucky gambling in which the whole future of the country had been imperilled for the sake of relieving Ministers from some present trouble and embarrassment.